

From: "Quilon, Rudy L CIV Operations Dept, (EFDSW)" <rudy.quilon@navy.mil>
To: "Jean Gray (E-mail)" <GRAY@wapa.gov>
Date: 4/14/04 1:45PM
Subject: FW: Comment on Draft Amendment

Jean,

Please see our comments below.

V/R,
Rudy L. Quilon, PE, CEM
Project Lead
Utilities Acquisition/Engineering Team, Utilities-Energy AFT,
Naval Facilities Engineering Command Southwest Division,
Tel: (619) 532-3972, DSN 522-3972
Fax: (619) 532-3042, DSN 522-3042
E-mail: rudy.quilon@navy.mil

-----Original Message-----

From: Johansen, Scott W CIV (NFECWSW)
Sent: Wednesday, April 14, 2004 9:55
To: Quilon, Rudy L CIV Operations Dept, (EFDSW)
Subject: RE: Comment on Draft Amendment

Rudy:

The following will provide you with my comments regarding the draft revised Section 12 of the Western Area Power Administration (hereinafter referred to as "WAPA") contract.

I agree with both you and the Air Force that it would be quite beneficial if WAPA would specifically advise the Navy and other military departments whether privatizing an electric distribution pursuant to 10 U.S.C. § 2688 would result in WAPA determining that the Navy's status as a customer has changed so that the Navy would no longer be eligible for federal power allocation rates. I would suggest that you emphasize to WAPA that if the Navy privatizes an electric utility distribution system pursuant to 10 U.S.C. § 2688, the Navy, and not the new electric utility distribution system owner, will continue to be responsible for the purchase of the electric commodity and will continue to be the customer of record for the acquisition and payment of the electric commodity. Further, since the privatized electric utility distribution system would serve only the Navy, no federal power allocations would be transferred to a non-federal government entity.

You may want to suggest that we include a provision in Section 12 of the WAPA contract, which provides as follows: A Department of Defense entity will not be considered to have a change in status under this Contract or applicable federal law if a Department of Defense entity sells, leases or otherwise disposes of an electric distribution system pursuant to 10 U.S.C. § 2688 and the Department of Defense entity continues to be responsible for purchasing the electric commodity and continues to serve as the customer of record for the acquisition and payment of the electric commodity, provided, however, that the Department of Defense entity otherwise complies with the other terms and conditions of this Contract and the applicable federal law with respect to the purchase of federal power allocations.

If you have any questions, please do not hesitate to contact me.

Scott W. Johansen
(619) 532-4081

-----Original Message-----

From: Quilon, Rudy L CIV Operations Dept, (EFDSW)
Sent: Tuesday, April 13, 2004 15:01
To: Johansen, Scott W CIV (NFECSW)
Cc: Abad, Armando G CIV Operations Dept, (EFDSW)
Subject: FW: Comment on Draft Amendment

Scott,

Here's the comments from the Air Force.

V/R,
Rudy L. Quilon, PE, CEM
Project Lead
Utilities Acquisition/Engineering Team, Utilities-Energy AFT,
Naval Facilities Engineering Command Southwest Division,
Tel: (619) 532-3972, DSN 522-3972
Fax: (619) 532-3042, DSN 522-3042
E-mail: rudy.quilon@navy.mil

-----Original Message-----

From: Snook Jim M Civ HQ AFCEA/CESM [mailto:Jim.Snook@tyndall.af.mil]
Sent: Tuesday, April 13, 2004 14:10
To: Jean Gray (E-mail)
Cc: Craig Paulson (E-mail); Rob Mitchell (E-mail); Quilon, Rudy L CIV
Operations Dept, (EFDSW)
Subject: Comment on Draft Amendment

Jean,

You provided a Draft Amendment No. 1 for the Parker Davis Contracts dated 3/31/04 for review and comment.

Within that Draft Amendment, the language in Paragraph 12 is "12. REVIEW AND ADJUSTMENT OF FEDERAL POWER ALLOCATION." Section 12.2 reads: "Notwithstanding any other provision of the Contract to the contrary, Western's Administrator reserves the right to adjust Western's firm electric service obligations under this contract as he or she deems appropriate, if the Contractor's status, as of the date of execution of his Contract/Amendment, changes in some manner, including but not limited to . . . (5) selling, leasing, or otherwise disposing of its, or a member's, electric distribution system."

As you know the DoD is in the process of utility privatization at many of our installations. This privatization is being implemented according to the guidance of the DoD under the Federal statute 10 USC 2688. A particular privatization proceeds when it is economically beneficial to the government. The guidance to the privatization folks is to coordinate each privatization with the Western Regional office to avoid a cancellation of an agreement due

to privatization.

We are concerned that the fifth condition will be cited as a reason that the DoD utility privatization initiative would be an violation of the contract. If the following could be added following the final word in condition five, it would make it clear that the DoD utility privatization, in and of itself, is not a violation of the contract.

(Privatization by a DoD preference entity under authority of 10 USC 2688 will not effect its status provided the entity complies with the other terms of this contract and the Reclamation law.)

Thanks for your assistance.

Jim

James M. Snook, P.E.
Utility Rates Management Team
Headquarters Air Force, Civil Engineer Support Agency
Voice: 850-283-6295 DSN 523-6295
FAX 850-283-6219 DSN 523-6219

CC: "Johansen, Scott W CIV (NFECSW)" <scott.johansen@navy.mil>, "Lopez, Rodolfo A CIV Operations Dept, (EFDSW)" <rodolfo.a.lopez@navy.mil>, "Abad, Armando G CIV Operations Dept, (EFDSW)" <armando.abad@navy.mil>, "Oung, Hank CIV Operations Dept, (EFDSW)" <hank.oung@navy.mil>, "Dodson, Marsha R CIV Operations Dept, (EFDSW)" <marsha.dodson@navy.mil>, "Vu, Phu M CIV Operations Dept, (EFDSW)" <phu.m.vu@navy.mil>, "Jim Snook (E-mail)" <Jim.Snook@tyndall.af.mil>